

# MINUTES

## BUDGET COMMITTEE MEETING APRIL 7, 2004

Budget Committee Chair David Aschenbrenner called the meeting to order at 6:00 p.m. in the Council Chambers at City Hall.

Budget Committee members present: Art Ball, James Bernard, Peter Koonce, Larry Lancaster, Joe Loomis, Jean Michel, and Leslie Schockner.

**Budget Officer Mike Swanson** announced he would present the Budget Message and 2004 – 2005 balanced budget on April 14, 2004, 6:00 p.m. at the Public Safety Building Community Meeting Room. There were a number of questions raised at the last meeting, and he will provide those answers and others that may come up at that meeting. Swanson commented on the proposed new position of Operations Director that was placed in the budget at his request, which he will discuss that at the next meeting.

**Bernard** said the City Council decided at its last meeting that members were not interested in new computer equipment. Stone was not at the meeting, so they were unable to get her comments. He requested that line be removed from the City Council budget.

### Planning (110)

**Planning Director John Gessner** said the most significant departmental accomplishment last year was making progress with the Planning Commission in identifying problems and prospects for major code revisions to improve neighborhood livability. The department is working on new house moving regulations to be adopted by the City Council in the next month or two. It provided project management and internal coordination on the Transit Center Relocation Working Group. Further, staff has found a creative solution for preserving the function of the Design and Landmarks Commission (DLC) given staff shortage by recommending a committee rather than a commission format. The department continues to meet legal standards and maintains quality public service in terms of providing information to individuals, neighborhoods, and applicants in the face of staff shortages.

**Koonce** asked when the Zoning Ordinance update would take place.

**Gessner** said it would likely be 6 – 8 months after the Working Group is done until adoption. The Planning Commission has already provided a lot of input, so staff will be making some substantive recommendations soon.

**Bernard** saw Milwaukie on a Metro list of jurisdictions that had not met Functional Plan Goal deadlines and asked how soon the City would be done.

**Gessner** said Milwaukie has not completed its Title 7 report on affordable housing. Staff met with the Planning Commission and City Council for direction. Priorities had to be changed based on work demands, but staff hopes to have the work completed by June 2004. He is evaluating whether the City will be able to complete the work with staff resources or if some work will have to be contracted.

**Bernard** asked about the status of the parking management study.

**Gessner** said that project has primarily been managed by the engineering division and suggested Engineering Director Shirey would probably have that answer.

**Gessner** said this year's requested budget is only about \$4,000 more than last year's primarily due to a \$70,000 savings in personnel for the unfilled planner position. He is requesting an additional \$25,000 in contractual services to update the Transportation System Plan (TSP) that was adopted in 1997. The project list and system development charge (SDC) approach is outdated, and it is the foundation for future transportation projects and funding. The planning element needs to be there so the City can compete with other regional transportation projects. The other contractual and professional services are not changed from last year.

**Ball** asked how many FTEs there were in department last year.

**Gessner** said there were four FTEs in the 2003 – 2004 budget.

**Koonce** asked Gessner if he envisioned going out for a grant to do the TSP.

**Gessner** said he would be interested in exploring any funding resources to leverage City funds. He was not sure how funds would be reallocated if a grant were secured.

**Bernard** asked if the computers were laptop or desktop.

**Gessner** said that line item was for the computer reserve fund.

#### Community Development Administration (600)

**Community Development/Public Works Director Alice Rouyer** said any funds replaced by grant funds would probably not be spent.

She was very proud of the staff behind her, and they are often heroes. She discussed the January 2004 storm and judicious expenditure of funds. Jeff King

has been working with FEMA to recover some of the expenses related to the event.

**Rouyer** reviewed the revenues. She receives contributions from all the work groups to support community development administration department that is made up of her, Project Manager Jeff King, and a three-person support staff. The Committee will see a CD Admin transfer in each of the budgets and in some budgets an operations director transfer. This is similar to the transfers made to the general administrative services fund.

She summarized the accomplishments of the group. Jeff King has worked with Mt. Hood Economic Alliance and received \$50,000; \$25,000 of which is to support an economic development program in Milwaukie. \$25,000 will go to fund some infrastructure as a match for work on the North Main Project. Recently, King worked with the County and Portland Mechanical, a new business that will be located in the Hanna South Building, that will employ 80 – 100 people. He also worked with the engineering department in securing a community development block grant (CDBG) for new sidewalks in the Ardenwald and Hector Campbell neighborhoods. A lot of progress has been made this year on the North Main Project with an open house scheduled for mid-May. Hopefully, construction will begin as soon as spring 2005.

Support staff has done a lot of work to organize and streamline supply ordering at the Johnson Creek facility. The office supply lines have been zeroed out in all of the funds except community development administration for the purpose of only having to monitor one line item as supplies are ordered. The support staff works in cooperation with engineering to produce the capital improvement plan (CIP). Most importantly, support staff is always looking for ways to save money particularly in the area of color copying.

**Rouyer** covered the notable budget changes. The operation director position is housed in community development administration. Professional and contractual services has been lowered a bit this year. Staff decided to focus attention on transportation in the next couple of years to lay the groundwork for federal funding. The department wants to develop a plan for Railroad Avenue similar to the Lake Road Multimodal Plan, so the City can seek grants. The intent was to spread contractual spending across planning, engineering, and community development administration.

**Schockner** understood the contractual line item itself has not gone down but is spread across more divisions.

**Rouyer** replied in this particular budget, the expense is both lower and spread out. The engineering budget went up a bit, and planning maintained its level. The department will seek grants when possible and not spend those funds.

**Barnes** said King has been an enormous resource for bringing money into the City. She asked how much of his time is devoted to research and grant writing.

**Rouyer** responded it ebbs and flows depending on grant deadlines, but in the next 90 days King will probably spend about 70% of his time on that type of work. In addition, he will be taking on some code projects for planning and engineering as well as continuing his work on the North Main Project.

**Barnes** thought this was one of the ways the City should go a little further. King has become a wonderful resource, and if he has more time to write grants, it can only help the City. The economic development picture of playing offense will only help in the long run. As a footnote, her preference was to see in the long term putting King in a position where he can devote 75% - 90% of his time to researching and preparing grant proposals and working with other communities on integration. She wanted the City to find ways of bringing money in through grant proposals. King is good at it, and the City is lucky to have him.

#### Public Works Structural Safety (300)

**Building Official Tom Larsen** reviewed the significant changes to the departmental budget. There were increases in training and dues and subscriptions. This is the first year of the adoption of the international building code and will take a lot of additional training. However, the state is cutting back on training subsidies.

The department had four goals last year and will continue working on them this fiscal year. These are improving customer service and accountability, increasing code compliance throughout the City, working with other departments to streamline processes, and becoming financially self-sufficient. Feedback indicates the first three goals have been met; however, the department has fallen short of becoming financially self-sufficient and is about \$20,000 under revenue at this time. In attempting to offset this, the department got Council approval to enter into agreements with other jurisdictions to share inspection workloads both to save money and to provide better customer service. This year's budget had \$21,000 for outside contractors, and so far nothing has been spent. He has been doing inspections for public works and engineering on the Brookside storm project and as a result transferred some funds to his department. In May, he will go to the City Council to request a fee increase in structural building permits of about 30% to be effective July 1, 2004.

**Aschenbrenner** asked how Milwaukie compares with other jurisdictions on fees.

**Larsen** replied when compared with West Linn, Oregon City, Troutdale, and Tualatin, Milwaukie is in the middle. The proposed fee increase would put Milwaukie on the high end. West Linn and Tualatin have not raised their fees for years because of the volume of work, but the building officials in those cities

indicated they would likely propose fee increases. Contractors seem to understand the need to cover the cost of service. He may consider raising plumbing and mechanical fees next year to try to keep up and stay ahead.

**Schockner** asked if the issue with contractors was one of timeliness and a willingness to pay higher fees to get faster service.

**Larsen** said that was correct.

**Bernard** suggested bringing contractors along who supported the increase proposal because he has some doubts.

State Gas Tax/Street (320); Transportation SDC (325); Bike Path (330)

**Operations Supervisor – Streets Mike Clark** reviewed the state gas tax, system development charge, and bike path budgets and projects in the fiscal year 2003 – 2004 budget. The joint Clackamas County/City of Portland/City of Milwaukie Johnson Creek Boulevard Improvement Project Phase 3 was completed. 54<sup>th</sup> Court off Logus Road was finalized this week. The Centex project off Lake Road is in process. There were frontage improvements to Jefferson Street between 21<sup>st</sup> Avenue and Main Street in cooperation with St. John's Episcopal Church. Above and beyond regular maintenance accomplishments, utilities were moved and the road opening was widened on Willow Street at Stanley Avenue. Gravel frontages at the south end of Wood Avenue at Railroad Avenue are being paved with asphalt. In next year's budget, there is about an additional \$144,000 on the revenue side of the state gas tax budget. Most of the money in capital will be spent on grant match projects.

**Rouyer** said this is really a tight operation, and she discussed the burden of matching requirements for grants.

**Barnes** asked if all these grants needed to be accepted. She noted somewhere the City needed to come up with \$198,000 and received \$100,000. Could the City just put in \$100,000? This is the bike/pedestrian grant.

**Clark** explained the Milwaukie received more than that. The City has already gotten \$100,000 previously, and there is more to come at the end of the project.

**Barnes** understood the City would not really be laying out \$198,000.

**Clark** believed the match was roughly 10% of the project.

**Rouyer** added the City is usually obligated to match a percentage. In the case of the pedestrian sidewalk grant, a certain amount of money is given in ½ increments, and the City makes up the balance. There is some burden in having to front the costs.

**Schockner** asked, if there was a pinch felt in the general fund to make the matches, could a match line item be created. She suggested thinking about that when the economic development efforts show some progress, so the regular maintenance is not always squeezed by the big projects.

**Rouyer** said there needs to be more help on the revenue side and finding sources for these matches. State gas tax is dependent upon people buying gas, so if people buy less gas because of the expense or as cars become more fuel-efficient the less funds are available. The revenue has flattened out through the years, and jurisdictions are looking for ways to add more revenue to their road funds. She noted Clackamas County voters rejected a countywide road utility fee in November 2003.

**Koonce** asked if downtown traffic calming is for implementation projects.

**Rouyer** responded that it was.

Water (510); Water SDC (515); Water Reserve/Future Capital (520)

**Operations Supervisor – Water Jay Saatkamp** reviewed the division's accomplishments: completion of Logus and Harlow waterlines that makes about 13 miles of water line replacements over the past 10 years. Projects in progress are the Lava Drive pump station that will be complete in June. The engineering portion of the elevated water tank seismic upgrade is complete, and the project will go out for bid in May with an estimated cost of \$302,000. Projects still in design are the Clatsop/McLoughlin Boulevard waterline project. The Lake Road waterline replacement project is in design that runs from 21<sup>st</sup> Avenue to Oatfield. The division is also working on two federally mandated projects: security/vulnerability assessment of the system due by June 30 and the emergency response plan due by December 31. In addition are two state-mandated projects: wellhead protection program and water quality sampling. These plans must be submitted in writing. The water department completed its rate study that recommended a 4.1% rate increase effective July 1. It created a depreciation fund into which \$150,000 was transferred for the first year. Water is now a part of the City's telemetry system. A service truck was replaced. There is one major transfer in the budget from the reserve account to operating which is \$200,000 for legal counsel in the water contamination lawsuit. Revenues are down a bit because water sales are down.

**Barnes** read that if times got tough the City could cut back on capital projects. What projects could the City do without until revenues were better?

**Saatkamp** said any of these projects could be postponed. The projects are prioritized in the master plan, so any could be postponed for a while. Currently, the major project is getting the elevated tank seismically stable.

**Koonce** noted the City purchases water from Clackamas River Water.

**Saatkamp** explained Milwaukie buys 500,000 gallons per month from Clackamas River Water (CRW). That supplements Milwaukie's wells and covers future needs for water. The City entered into the contract about 5 years ago to ensure it has a water source in 20 – 30 years from now. CRW also purchases water from the City. Milwaukie can cover its needs today but wants to look to the future, and CRW supplements the supply at peak times in the summer.

**Rouyer** added CRW wanted a predictable contract and Milwaukie wanted a predictable source.

**Lancaster** said another strategic issue was the intertie with Portland and others entities. Milwaukie has seven wells, and the system could be compromised over the long term if it is over taxed. Wells can be rested and the integrity of the system maintained by purchasing water from CRW.

Sewer (540); Sewer SDC (545); Sewer Reserve Future Capital (550); Storm Sewer (570); Storm Sewer SDC (575); Storm Sewer Reserve/Future Capital (580)

**Operations Supervisor – Sewer/Storm Sewer Jack Perry** discussed the sewer division accomplishments. The system is functioning well, and there have only been a couple of backups. One way the division is trying to save money and be more efficient is by upgrading the TV van. More footage can be put on DVD, and the information can be pulled up faster for the homeowner or contractor. The image is also much clearer. As the crew cleans and TVs the lines, it looks for problems. This year they found several instances of ground water going into the lines which is eventually treated and costs money. Four of these problems have been repaired this year. The division has replaced 350 feet of sewer line at Plum and Apple and 155 feet at 42<sup>nd</sup> and Covell. The sewer master plan is underway. Next year, the sewer department will replace a line on Eton Lane, 37<sup>th</sup> Avenue near the Milwaukie MarketPlace, and 18<sup>th</sup> Avenue in Island Station. **Perry** said there is a 6-year inspection period. Milwaukie is one of the few cities in the area that will respond to a resident complaint and TV where the lateral meets the main line.

**Perry** reviewed the storm sewer accomplishments. The Brookside area has been a problem since the storm sewer program was implemented. The department is now working on Brookside 3 and has come a long way in solving many of Milwaukie's problems. Even in the heaviest downpours, Perry only gets one or two complaints. The department has done numerous small projects that are important to the citizens. These include 55<sup>th</sup> Avenue south of King Road, Wood Avenue and Railroad Avenue, Mary's Court, and 51<sup>st</sup> and Logus Road. The City has 1,470 catch basins, and the NPDES requires that each be cleaned

every two years. The department has come to a point where it is actually maintaining the system rather chasing after problems. Major project include Brookside 3, 43<sup>rd</sup> and Roswell, the storm water master plan. Next year is the Meek Street project.

**Rouyer** said this work group gets a lot of accolades during the winter. She discussed the neighborhood project line item.

**Barnes** complimented Perry on the 55<sup>th</sup> Avenue because it had been contentious. She also appreciated the work the sewer crew did in front of her house on Furnberg.

**Aschenbrenner** added the residents of the Hector Campbell neighborhood appreciate the storm sewer projects.

#### Engineering (650)

**Engineering Director Paul Shirey** said Engineering is a service unit that provides service to the operations divisions by planning and managing construction of capital projects. Engineering provides service to planning and building by applying right-of-way code requirements during plan review. On the external side, engineering works with applicants to help them understand right-of-way improvements. The department also provides community-at-large help to ensure there are safe, flood-free streets, sidewalks, bike lanes and operable and serviceable sanitary sewer and water system.

He reviewed the departmental accomplishments. The Johnson Creek Boulevard Improvement Project, Phase 3 is complete, and after all the years of animosity, he has not heard anyone say he did not like what has been done. The City will have an updated transportation system development charge (SDC) by the end of the year. McLoughlin Boulevard improvements will be designed by the end of the fiscal year. Engineering has completed design of the street, storm and sidewalk improvements for 40<sup>th</sup> Avenue/King Road, two railroad crossings, and Lewelling Park frontage improvements funded by a community development block grant. Half street improvements were done on Jefferson Street between Main Street and 21<sup>st</sup> Avenue using the downtown design criteria. The Lava Drive pump station will be complete by June 30. Service lines have been upgraded on Logus Road. A water rate study was done and fees were increased to fund depreciation. Design of the seismic upgrade of the elevated water tank which is done and will go to bid soon. The department started the design for the waterline replacement at McLoughlin Boulevard and Clatsop.

Engineering services for the sanitary sewer division includes work on the Mater Plan and Eton Lane improvements. The rate equalization study for residents who send sewage to Portland for treatment is done along with the engineering



analysis on the cost for providing service to customers looking for less expensive sewer service.

For storm water, engineering completed a comprehensive update to the Master Plan. New lines were installed for Brookside Phase 3 at 42<sup>nd</sup>/Mason/Covell. Matching funds were contributed for the storm improvement community development block grant.

Notable accomplishments were to recruit a replacement for Paul Roeger who worked for the City for 35 years. Internal progress was made on providing better development review services with the planning department. The water rate increase was a significant contribution, and the Johnson Creek Boulevard Improvement Project Phase 3 was completed. The engineering department maintains an excellent working relationship with the Citizens Utility Advisory Board.

There are 5 FTEs in the engineering department, and there were few changes from last year's budget. The department is asking for funds for software upgrades. The one increase is in contractual services in the amount of \$15,000. That is the contribution to the Transportation System Plan update.

**Bernard** discussed the Johnson Creek Boulevard Project and the property lines in question.

**Shirey** said both Clackamas County and the City of Milwaukie have agreed to vacate that right-of-way which is no longer needed and established new right-of-way lines. Clackamas has done its vacation, and the City will follow. By virtue of the street location, property lines are now established, and the long-standing problem has been resolved.

**Aschenbrenner** asked if the property owners have been advised and know where their property lines are.

**Shirey** said property owners know what the County has done, and Milwaukie will do the same.

**Ball** asked how transfers for engineering services are determined.

**Shirey** said it is equally split between the users. The increase is due in part to the increase in contractual services. These types of recommendations are done collaboratively.

**Rouyer** said staff looks at the goals and project to determine the amount of money needed.

**Shirey** likened it to the dedicated funds buying engineering services.

**Koonce** said the Ardenwald Neighborhood was told there would be a follow up survey of speeds on Johnson Creek Boulevard. Anecdotally, he believes people are driving a little faster. He would look forward to opportunity to implement photo radar. The Neighborhood believes consideration of street calming was left out of the final design.

**Shirey** said he can work with the police department and understood Kanzler is trying to get funds to implement photo radar. He felt this was an operations and enforcement issue, and he would be happy to help facilitate as much as possible.

**Rouyer** added Shirey attends the monthly Public Safety Advisory Commission meetings and can discuss the issue with that group.

**Barnes** noted an increase in advertising and publicity.

**Shirey** discussed the expense of publishing requests for proposals and bids, and this year he requested an increase to cover anticipated expenses.

**Koonce** discussed transfers from dedicated funds and asked if it might have more to do with the nature of the fund.

**Ball** said that was not the intent of his comments. He was concerned about fairness and equity.

**Shirey** said each operations division gets an engineer as well as director services.

**Rouyer** believed the costs were fair because one engineer is assigned to each operational division although transportation takes a little more than 1 FTE.

**Shirey** said believes it is fair based on the CIP projects scheduled for the upcoming year.

**Swanson** said from a long-term perspective this method is an equitable sharing of work. One of the goals three years ago was to make the process as simple as possible, so people can track what is being done. Engineers are accessible to all operational divisions.

**Ball** asked if that meant expenditures would be the same over a period of time.

**Swanson** said that was generally correct. Often projects are not isolated. For example, a street project may have water and sewer implications. Although the transfers will not be to the penny, a lot of money can be spent making sure things are allocated to the penny. He felt the allocations were logical and understandable.

**Ball** was interested in looking at what is fair to each department rather than a simple formula.

**Lancaster** understood engineering recruitments have been difficult, and as a result there has been a lot of expensive contracting. Shirey discussed software earlier. If the City had the appropriate, high efficiency software, would the pressure on staff be reduced and the cost of contracting go down.

**Shirey** said he would have to hire three full-time CAD designers to keep up with demands.

**Schockner** understood Shirey said when allocating out the engineers, no matter what the size of the department each is working full time assigned to each of those departments.

**Shirey** said that was correct, but there is some overlap. The economy of scale is important. It takes as much effort and time to get \$100,000 project on the street as it does a \$1 million project. The time allocation does make sense. Shirey discussed the status of the system development charge update project. Both the Stormwater Master Plan and the Sanitary Sewer Master Plan need updating before the SDCs can be calculated on need. These should be before City Council in September. The Transportation SDC will be heard on July 6.

**Rouyer** noted some SDC funds have been allocated to CIP projects because staff is confident these will be eligible projects.

#### Fleet (710), Fleet Reserve Future Capital (715)

**Fleet & Facilities Manager Kelly Somers** said the department has managed to keep up with demands with the exception of planned maintenance on fire vehicles. The one change to the budget is a request for one FTE which the fire department has agreed to help fund. Fleet and Facilities will share the remainder equally. He committed to lowering contractual services by that same amount. He believes billing Clackamas River Water will cover most of the amount from Fleet.

**Lancaster** asked if the best way to purchase parts is through the state bid process.

**Somers** thought it would be hard to beat the state process, and often the City pays less than dealers. There may be dealers out there who can come in lower than the state on used vehicles.

The group discussed fleet reserve. **Aschenbrenner** asked at what point the code enforcement department, for example, gets a vehicle. Somers said code enforcement has a couple of used police cars. That reserve was started a

couple of years ago, so departments will have enough money to buy the vehicle when they need it. Both of the vehicles used by code enforcement now are in good condition, and he does not anticipate replacing those for two or three years. The police department did fall behind but is making up the needed funds.

**Smith** confirmed money as well as interest goes into a savings account for that department. The money for any vehicles that are surplus and sold goes back into that account.

**Schockner** understood the deciding factor of buying a new vehicle was need.

**Somers** said there are three criteria for replacing a vehicle: age, mileage, and condition. Vehicle repair records are factored into the decision.

#### Facilities (720)

**Somers** said the biggest accomplishment was installation of HVAC systems in City facilities that was funded through a \$170,000 state energy loan with a payback of about 5 – 7 years. This upgrades most of the systems including the Public Safety Building, and the project is almost complete. Other achievements were a new sewer line to City Hall, major Public Safety Building roof repair, and exterior painting of the Johnson Creek Facility.

The major budget change was an increase in FTE by .25 with a matching reduction in contractual services.

**Bernard** asked when the department would get its environmental certification.

**Somers** said the issue is bulk oil storage. Everything else has been done except secondary containment.

Proposed future facilities projects include City Hall brick sealing (\$8,000), roofing upgrade, carpet replacement in RIM area, and upgrading first floor restrooms. At Johnson Creek the main office will be re-carpeted. Numerous painting projects will be done at the Public Safety Building for about \$25,000. Darkening film will be installed on the upper windows at the Library to reduce glare. The interior trim at the Johnson Creek Facility will be done, and the roof over the shop will be treated to seal leaks.

**Ball** asked how facility occupancy charges were determined.

**Somers** takes the facilities budget and charges departments by the square footage they occupy. He takes all the square footage and all the costs for facility maintenance. He noted it is very expensive to operate these buildings. The charge per square foot depends on the facility plus capital projects.

**Swanson** explained there is essentially a base for the whole City and to that base is an allocation based on capital projects in that building.

**Somers** said the City is in the process of constructing a new operations building, and construction will begin about the July 1. The department is still working on the design, and once that is done he will go to the building official and purchase permits. Most of the architectural work will be done this fiscal year. It will be a 40 x 70 two-story building. The first floor is for offices and work area, and the second floor will only be used for storage until an elevator is installed. The trailer that has been housing the operations divisions is leased.

**Barnes** asked for clarification of the general administrative services fee.

**Swanson** said that is for operation of the general administrative departments including finance, IST, city manager, personnel, and city recorder offices. That fee is constructed and the allocated based on FTEs in the departments.

#### Public Parking Facilities – (622)

**Somers** discussed the three City-owned permit parking lots and the leased lot near the railroad. Parking gets revenue from parking fees and fines that supports facilities. Milwaukie's rates are comparatively low. The fees and fines not only cover maintenance of the lots but also supplement facilities.

**Bernard** commented that the lot behind Milwaukie Lumber needed to be cleaned up.

**Somers** discussed the feasibility of purchasing the lot from the railroad.

#### Knudson Pioneer Cemetery (870)

**Swanson** said the fund was established in 1994 upon the death of Leona Knutson when she left about \$36,000 as part of her estate to the City for maintenance of the Pioneer Cemetery. Up until recently, the City has been using roughly the interest off the original principal to carry out basic maintenance. In 1992, the City's interest in the Cemetery was transferred to the North Clackamas Parks and Recreation District (NCPRD) for the actual maintenance. This year a local non-profit group requested that it take over maintenance of the Cemetery. Upon doing research, Swanson found the City had absolutely no interest in the property, so the 1992 transfer did not mean much. The City will be taking whatever that was back and entering into an agreement with the non-profit. Funds for maintaining the Cemetery will be transferred to the non-profit instead of to the Parks District. The Cemetery property was donated and was held in trust by three trustees who were to maintain it. They had the power to appoint successors. However, when the last trustee passed away in the early 1990's, no other had been appointed. The City asked the Circuit Court to appoint three

successor trustees, and once that is done, the officers of the Milwaukie Pioneer Cemetery Association will be responsible for operations.

**Aschenbrenner** understood the Knutson Trust stays in the City's hands with allocations made to the non-profit.

**Swanson** said the City must continue to be the trustee of the funds and administer the money according to the will, and the non-profit is aware of the funding limitations. He added that the trustees turned over maintenance of the cemetery to the City in 1974.

#### Forfeiture Trust (890)

**Swanson** said this fund was established for the proceeds from forfeitures. These funds can only be used to purchase equipment within the police department. Forfeitures ran into court difficulties, so this fund will cease to exist once the balance reaches zero.

#### Public Comment – None

#### Committee Comments

**Lancaster** was concerned the contingency had such a low interest and suggested the Committee make a recommendation to look at the feasibility of taking the contingency fund, making an arrangement with a local bank with a negotiated interest rate of 4% - 5%, and adding some strings that those funds could be loaned at a below-market rate to those who are willing to develop in Milwaukie. He understood there might be some problems with the legalities.

**Swanson** commented the City does have an investment policy. Oregon state law governs permissible investments of municipal funds, but he will review the investment policy to determine if Lancaster's proposal is feasible.

**Lancaster** said the City would have to look at how the instrument is negotiated. The contingency fund is for dire emergencies, so there would have to be some liquidity and a clause that allows the City to access the funds if necessary. He thought it was appropriate to take a small amount of risk and try something innovative versus putting it in a government fund that is allegedly guaranteed.

**Koonce** said he has advocated for some time that there be funds in community development that could be used for low interest loans to developers or others doing façade improvements in the downtown. This type of action would open up opportunities for the development community to come into Milwaukie and help sustain its budget in the future.

**Swanson** discussed repayment to the water fund for purchase of riverfront property.

**Smith** said at the end of this fiscal year about \$460,000 will be owed.

**Next Meeting:** April 14, 2004 at 6:00 p.m. at the Public Safety Building to hear the Budget Message, receive the Recommended Budget and Capital Improvement Plan, and hear public comment.

**It was moved by Ball and seconded by Bernard to adjourn the meeting. Motion passed unanimously among the members present.**

**Chair Aschenbrenner** adjourned the meeting at 8:05 p.m.

---

Pat DuVal, Recorder